



AOT in Action

Welcome to AOT in Action, your weekly e-newsletter from the Arizona Office of Tourism (AOT).

A Message from Director Sherry Henry:

Good afternoon,

Friday was a great day for Arizona's tourism industry! Governor Jan Brewer [announced an exciting plan](#) to boost Arizona tourism promotion by \$7 million.

The funding, which will be part of the Governor's state budget proposal for fiscal 2013, will enable AOT to expand promotion of the state as a national and international premier travel destination and further build Arizona's vibrant brand.

On behalf of the Arizona Office of Tourism and the Arizona tourism industry, we want to thank Governor Brewer for her support of our agency. Governor Brewer has always been a great friend of the industry and understands the true impact tourism has on our state's economic vitality. We are very grateful for her continued commitment.

With this investment in tourism, we will be looking into plans such as expanding AOT's targeted cities advertising campaign into a national campaign, leading Arizona's tourism industry into emerging visitor markets such as China, India and Brazil, and closer to home, offering a co-operative advertising program to encourage visitors to travel outside Arizona's metro areas.

We are ready and excited to take on this challenge to bring in new money into the state and be part of Arizona's economic solution.

Happy Holidays!

Sherry Henry
Director, Arizona Office of Tourism

AOT News

New Update to AOT's Research Web site!

The following items have been updated in the Research and Statistics section of AOT's business-to-business Web site www.azot.gov.

- [National Park Visitation September 2011](#) (preliminary)
- [State Park Visitation October 2011](#)
- [Airport Passengers Volume August 2011](#) (preliminary)

For additional information or questions, please contact Melissa Elkins, Research Manager, at 602-364-3716 or via e-mail at melkins@azot.gov.

Welcome to the Neighborhood!

Linda Jordan will be the new executive director of the [Yuma Visitors Bureau](#), effective January 9, 2012, the board of directors announced today.

Jordan was selected by a committee that included YVB board members and community representatives after a regional search that began in October when current executive director Susan Sternitzke announced her intention to step down from day-to-day management duties.

Jordan, who is currently a business services officer with Yuma Private Industry Council, was previously general manager and director of the long haul department for Horizon Moving Systems in Yuma and Tucson.

Upcoming Events & Activities

[UK Media Mission](#)

Dates: January 30 – February 3, 2012

Location: United Kingdom

[Go West Summit](#)

Date: February 6 – 9, 2012

Location: Las Vegas, NV

[Authentic Arizona Southwest: Real Deal Ranches and the Rest Press Trip](#)

Date: February 27 – March 3, 2012

Location: Tubac, Sonoita, Elgin, Patagonia, Nogales and Sasabe

Industry News

Growth of U.S. Travel Exports Outpaces Other Industries

The travel industry outpaced other service industries and consumer and capital goods in exports, according to the latest Commerce Department figures showing that the overall trade deficit edged down slightly to \$43.5 billion in October.

“Travel exports are up a strong 13.9 percent compared to 2010, outpacing not only other service exports but exports of capital and consumer goods as well,” said David Huether, senior vice president of economics and research at the U.S. Travel Association.

Travel is the nation’s number one domestic export industry, with international travel in the United States generating \$241 billion in economic output last year, Huether said. That supported 1.8 million American jobs that cannot be outsourced, he said.

“Increased travel exports over the past year have been a key reason why job growth in the travel industry has outpaced the rest of the economy by 60 percent through October of this year,” Huether said. “The travel industry created 115,000 jobs through the first 10 months of 2011, accounting for 9 percent of the total U.S. jobs created this year.”

Huether said that these numbers would be even higher if that U.S. visa system were capable of meeting the demands of millions of international travelers who want to travel to the United States. Research shows that U.S. visa system reform would bring additional international business and leisure travelers to the U.S., creating additional jobs and economic output for our struggling economy. (*Travel Pulse*, December 9)

USTOA Survey Shows Tour Operators See Growth for 2012

The U.S. Tour Operators Association (USTOA), at its Annual Conference and Marketplace, Dec. 10-13, in Marco Island, Fla., revealed results of its annual survey of active members that showed the vast majority (75 percent) anticipate growth in sales for 2012. More than 25 percent of those surveyed said they are forecasting a “boom year” with sales growing 10 percent or more

More than half of the members surveyed are “optimistic” or “cautiously optimistic” about 2012, forecasting growth in sales from 4 percent to 6 percent. Nevertheless, one major tour operator, who asked not to be identified, told Travel Pulse he was still “pessimistic” about sales growth in 2012 and his company was ratcheting down its forecasts for next year.

In more data from its survey, USTOA also reported that half of those members said they increased staff in 2011; one in 10 did so by 15 percent or more. Nearly all (90 percent) of the 43 percent of members who plan to increase staff in 2012 will do so as much as 10 percent; the remaining 10 percent of members will increase staff even more, as high as 10-15 percent in the coming year. For more information on USTOA, call 212-599-6599 or email information@ustoa.com. (*Travel Pulse*, December 11)

PKF Hospitality Predicts Revenue Growth for U.S. Hotels

Revenue per available room (RevPAR) for U.S. hotel properties will increase 8.1 percent in 2011, and another 6.1 percent in 2012, according to travel research firm PKF Hospitality Research

(PKF-HR). PKF-HR is also forecasting U.S. lodging demand to grow 2 percent in 2012, below the annual growth rates observed in 2010 (7.4 percent as reported by Smith Travel Research) and projected for 2011 (4.8 percent).

“With national occupancy levels approaching their long-term average, and no meaningful new hotel supply additions in the foreseeable future, it is not a surprise that the pace of ADR (average daily rate) growth is forecast to accelerate,” said R. Mark Woodworth, PKF-HR’s president. The company is projecting the ADR for all U.S. hotels to increase 4.7 percent in 2012 and 5.3 percent in 2013. The long-term annual average for ADR growth is 2.8 percent.

“Analyzing the performance of U.S. hotels in 2010 and 2011, we have seen the progression of indicators that one would expect during an industry recovery” said Woodworth. “Occupancy levels increased in 2010, followed by real average daily rate growth in 2011. The only surprise has been the pace and magnitude of the surge in hotel demand.” Calling the room revenue performance “uneven” depending on the location of the hotel or property, Woodworth noted that, “in 49 of the 50 markets, upper-tier hotels have passed their previous peak levels of accommodated demand, but lower-tier hotels have reached the same milestone in only 16 cities.”

“Hotels operating in the upper-tier (luxury, upper-upscale, upscale) segments are all forecast to achieve occupancies above 70 percent in both 2012 and 2013, which will exceed their long-term average occupancy levels,” he said. “Conversely, hotels in the lower-priced chain-scales will continue to achieve occupancy levels below their long-term average through 2013.” (*Travel Pulse, December 13*)

US holiday record travel is a milestone in recovery

US travel during the Christmas and New Year’s holiday weekends will be the highest level in five years, according to AAA, which termed it a “notable milestone” in the industry’s recovery.

Almost 92 million people will journey 50 miles or more from home during the holiday period, which runs from Dec. 23 to Jan. 2, says the forecast from the nation’s biggest motoring organization. Air traffic will be down, however. Auto travel is up from 90.7 million a year earlier. This year’s travel forecast is the third consecutive increase.

“It’s a positive sign for the travel industry that so many Americans are planning to travel this holiday season, collectively contributing to the second-highest year-end holiday travel volume in the last 10 years,” Bill Sutherland, AAA’s vice president of travel services, said in a statement.

Automobile drivers and passengers will account for 83.6 million of the year-end holiday travelers, up 2.1 percent from last year. The number of air travelers will fall 9.7 percent to 5.4 million.

“This year’s projected automobile travel volume is the second highest in the past decade and only 100,000 less than the 2006-07 auto travel peak of 83.7 million,” said PR Newswire.

Automobile travel remains the preferred choice of transportation for 2011-12 Year-End holiday travelers with nearly 27 percent of the total US population will hit the road. Americans will

spend approximately \$718 a household, up from \$694 last year, to travel during the holiday, AAA said. The average distance will be 726 miles, down from an estimated 1,052 a year earlier.

AAA's report predicted air travel to decline slightly. Why?

One major reason is an anticipated 21 percent increase in holiday airfares over last year. About 5.4 million travelers expect to fly during this year's holiday period, a 9.7 percent decline from a year ago, AAA said. AAA's projections are based on research by IHS Global Insight of Lexington, Massachusetts. (*Travel Mole, December 15*)

Restaurants to Serve 100 Million Americans this New Year's Weekend, According to the National Restaurant Association

The National Restaurant Association estimates that 100 million Americans plan to celebrate the New Year by going out to a restaurant or bar, or order restaurant takeout or delivery. The Association's new research also shows that half of American adults plan to dine out with family or friends over the next few weeks to celebrate the holidays.

"New Year's is traditionally one of the most popular times of the year to dine out," said Hudson Riehle, senior vice president of the Research and Knowledge Group for the National Restaurant Association. "This year, we expect to see a welcomed bump in customer traffic both on- and off-premises as we ring in the new year."

The survey shows that one in five consumers (20 percent) plan to go out to a restaurant or bar on New Year's Eve, and 22 percent say they plan to order restaurant takeout or delivery on that day. On New Year's Day, 12 percent plan to dine out and 16 percent say they plan to order takeout or delivery from a restaurant.

In addition, 10 percent of consumers say they plan to dine out on Christmas Eve, 8 percent plan to dine out on Christmas Day, and 4 percent plan to do so on the start of Hanukkah (Dec. 20). Fifty percent say they plan to share a special meal with family or friends at a restaurant during the holidays.

The National Restaurant Association surveyed 1,006 American adults on December 8-11 about their dining and restaurant gift card plans for the upcoming holiday season. Projections for the number of Americans who will visit restaurants or order takeout are based on economic analysis and research conducted over the last two decades by the National Restaurant Association. For more restaurant industry research and information, visit www.restaurant.org. (*Travel Smart, December 15; Restaurant News, December 14*)

Travelers Increasingly Choose Luxury in the Sky

Travelers increasingly are splurging in the air and scrimping on the ground. A new American Express Business Insights study finds that spending on first- and business-class airline tickets increased by 9.1% and 5.4%, respectively, in the third quarter. But on the ground, travelers spent more of their dollars — an additional 10.5% — on economy lodging vs. only 2.2% more on luxury hotel accommodations in that time.

The reason for the seemingly bipolar spending: A growing frustration with flying and an improvement in the quality of economy lodging, industry analysts and travelers say.

"It really speaks to the fact that (consumers are) so concerned about the airline experience that they're willing to make the trade-off," says Maryam Wehe, senior vice president of hospitality at Applied Predictive Technologies, a consulting firm.

The spending trend applies to traveling for business or leisure, the study indicates. Frequent traveler John Harding, a family law attorney in Pleasanton, Calif., says he doesn't mind paying more to fly business class. But when it comes to lodging, he's looking to save.

"It's a whole lot more miserable for me to spend five or 15 hours on an airplane in economy than for me to spend a couple of days in a budget hotel," Harding says.

Harding follows the same pattern whether flying for business or pleasure. He recently spent \$1,100 each for business-class tickets to Hawaii for himself, his wife and two teenage children. But he spent less than \$200 a night for the hotel. Usually, he says, he tries to keep the nightly hotel bill under \$125. "The only time I spend in a hotel is when I'm sleeping," he says. "I don't need all the accoutrements."

That seems to be the case among both affluent and average-income travelers. The American Express study found that midscale and even upscale hotels, the second-highest category, lost favor among all types of travelers, with declines of 3.4% and 3.9%, respectively.

"The most pronounced trend we're seeing is 'luxury or value,' which also speaks to the barbell effect apparent in travel — and other sectors — wherein consumers selectively choose either high-end or low-cost options, squeezing out the midtier providers with flat or declining spending growth," says Ed Jay, senior vice president of American Express Business Insights.

Other frequent business travelers say they're doing the same thing.

"A good comfortable bed and shower, the ability to work and get food and drink when needed works for me," says Stephanie Dickey, who lives in Richmond, Texas, and works as vice president of sales for an import company.

The upswing in business travelers opting for premium seats may also be attributed to companies loosening their policies on letting employees fly first or business class as the economy has improved. According to a Global Business Travel Association report, just 42% of companies banned premium-class air travel this year compared with 47% last year.

And, analysts say, business travelers often may have had no choice but to upgrade their seats. In 2009, the economic downturn and high fuel costs forced airlines to cut flights. Business travel has rebounded, but airlines have been slow to add flights, says Joel Wartow, senior director of the Solutions Group for Carlson Wagonlit Travel, a corporate travel agency. (*USA Today*, December 15)

Calendar of Events

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